

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WISCONSIN
MILWAUKEE DIVISION**

LANEX, LLC, a Wisconsin limited liability company,)	
)	
)	
Plaintiff,)	
)	Case No. 2018-cv-1828
v.)	
)	
BUSINESS INFORMATION DESIGN, INC.,)	JURY DEMANDED
a Wisconsin corporation, and JOHN)	
SCHLICK, an individual,)	
)	
Defendants.)	

COMPLAINT

Plaintiff Lanex, LLC (“Lanex”) through its undersigned attorneys, complains of the Defendants Business Information Design, Inc. (“BID”) and John Schlick (“Schlick”) (BID and Schlick are collectively “Defendants”), and alleges as follows in support thereof:

STATEMENT OF THE CASE

1. The case concerns Schlick’s unauthorized access of Lanex’s computer systems in early 2018 causing vital data loss and inoperability of Lanex’s “Navigator” software. Navigator is commercial software that Lanex’s clients rely upon in their day-to-day business operations. Schlick’s actions required Lanex to invest numerous hours repairing the software and servicing customers who had lost data and/or could not access the software; caused Lanex harm to its reputation and business relationships; caused Lanex to lose profits; caused Lanex to incur out-of-pocket costs; and caused other damages that Lanex is continuing to measure. Lanex accordingly brings claims under the Computer Fraud and Abuse Act, 18 U.S.C. § 1030 *et seq.* and Wisconsin law to seek redress for the injuries it suffered, and continues to suffer, as a result of Schlick’s and BID’s actions.

PARTIES

2. Lanex, LLC is a Wisconsin limited liability company with its principal office located at Brookfield, Waukesha County, Wisconsin.

3. Business Information Design, Inc. is a Wisconsin corporation with its principal office located in Menomonee Falls, Waukesha County, Wisconsin.

4. Schlick is an individual who upon information and belief is domiciled in Menomonee Falls, Waukesha County, Wisconsin.

5. Upon information and belief, Schlick is the president and majority shareholder of BID.

JURISDICTION AND VENUE

6. This Court has original subject matter jurisdiction pursuant to 28 U.S.C. § 1331.

7. This Court has supplemental subject matter jurisdiction over Lanex's pendant state law claims pursuant to 28 U.S.C. § 1367.

8. Venue is proper under 28 U.S.C. § 1391 because: (a) both defendants reside in this district, and (b) a substantial part of the events that give rise to Lanex's claims alleged in this complaint occurred in this judicial district.

FACTS COMMON TO ALL COUNTS

The Lanex Navigator Software

9. Lanex is an award-winning software and website development company that offers various technology-based services and solutions for businesses who engage in internet commerce.

10. One of the software tools offered by Lanex is "Lanex Navigator" ("Navigator" or "Software"). Navigator is an internet-based software specifically designed for companies that sell business furniture. Navigator is a comprehensive software designed to allow furniture sellers to

track sales, manage orders, and create various sales and inventory reports. Lanex's customers who use Navigator are herein after referred to as "Clients."

11. Navigator is incorporated into the Clients' day-to-day business operations. Without Navigator, the Clients are unable to operate their businesses.

12. Lanex derives a profit from Navigator in three related ways: (1) labor fees to install and customize the Software for a Client's particular needs, (2) license fees to allow the Clients' continued use of the Software, and (3) service fees to provide ongoing customer service and training to the Clients.

13. Lanex's Clients are located in several states and internationally, including Des Moines, Iowa; Carrollton, Texas; and Toronto, Canada.

Lanex's Acquisition of Navigator from BID

14. On or about December 16, 2015, Lanex and BID entered into a Software Acquisition Agreement ("Agreement") under which Lanex purchased the Software from BID.

15. Under the Agreement, Lanex and BID agreed to rename the Software from "Encompass" to "Lanex Navigator."

16. Under the Agreement, and subject to its terms, BID assigned to Lanex certain existing customer agreements for the license and service of Navigator.

17. Under the Agreement, and subject to its terms, BID assigned to Lanex the right to provide the Navigator license and related services to certain prospective customers.

18. Under the Agreement, BID agreed that it would make its president, Schlick, available to perform certain services to Lanex's benefit, including: (a) setup, integration, and training services related to the use of the Software, and (b) performing official product demonstrations to aid Lanex's efforts to market the Software to prospective customers.

19. Under § 3.2 of the Agreement, BID agreed that it had “no rights in or to the Software” and could not “access, transfer, use or license the Software.” BID also “agreed and acknowledged” that “any such action” was a violation of Lanex’s intellectual property rights and a breach of the agreement.

20. Pursuant to the Agreement, Lanex also hired a certain BID employee familiar with the Software as employees of Lanex, including a certain unnamed employee (hereinafter “Doe Employee”).

The Navigator Data Loss Incident

21. Upon information and belief, Doe Employee for several months prior to January 2018, Doe was performing services for certain Lanex Clients outside of the scope of her employment and in contravention of Lanex’s policies.

22. In January 2018, Doe Employee ended her employment with Lanex.

23. On or about February 7, 2018, and shortly after Doe Employee ended her employment with Lanex, Schlick accessed Lanex’s computer systems and software files without authorization and caused the deletion of several Software files. The data deleted, for the most part, related to data relied upon by specific Clients in their respective business operations.

24. On or about February 10, 2018, an unknown individual accessed Lanex’s computer systems and Software files without authorization and caused further deletion of several Software files. The files deleted were software files necessary for the Navigator platform’s proper functionality. The deletion impaired Navigator’s software stability.

25. Upon information and belief, Schlick was the unknown individual who on or about February 10, 2018 accessed Lanex’s computer systems and Software files without authorization and caused further deletion of several Software files.

26. The February 7, 2018 and February 10, 2018 events described in Paragraphs 24 and 25 are hereinafter referred to as the “Data Loss Incident.”

27. In mid-February 2018, an unknown individual accessed Lanex’s computer systems and Software files again, and moved certain assets Lanex’s computer systems.

28. The assets that were accessed and moved in mid-February related to some of same Client files that were accessed, tampered with, and/or deleted during the Data Loss Incident.

29. Upon information and belief, Schlick was the unknown individual who in mid-February, 2018 accessed Lanex’s computer systems and Software files without authorization.

30. The Data Loss Incident caused the loss of: (a) data necessary for the Software’s proper functioning, and (b) order information, reports, and other business data relied upon by Clients’ in their business operations.

31. The Data Loss Incident caused instability in the Software requiring Lanex to take Navigator offline while Lanex’s engineers worked to repair and restore the Software. While Navigator was offline, Clients were unable to perform several basic business tasks, including inputting orders, reviewing online orders, and tracking the progress of existing orders.

32. Even after Lanex brought Navigator back online, it was not operating at full capacity. Some of the data entered shortly before and after the Data Loss Incident could not be restored. The missing data caused errors within Navigator and/or required Clients to manually re-input data to the extent possible.

33. Lanex dedicated numerous hours of its engineers’ time in an effort to repair and restore Navigator as a result of the Data Loss Event.

34. Lanex dedicated numerous hours of its employees’ time addressing its Clients’ concerns and working with Clients to remedy errors caused by the Data Loss Incident.

35. Lanex's relationships with its Clients were harmed as a result of the Data Loss Incident.

36. Lanex's reputation was harmed as a result of Data Loss Incident.

37. Lanex incurred numerous out-of-pocket costs, including costs of attorneys' fees, as a result of the Data Loss Incident, in an amount that Lanex believes exceeds \$50,000.

COUNT I

Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(a)
(against Schlick and BID)

38. Lanex incorporates paragraphs 1 through 37 above by reference as if fully restated herein this Count I.

39. On or about February 7 and 10, 2018, Schlick acting individually or in his capacity as an agent of BID, knowingly transmitted a program, information, code, or command that caused the Data Loss Incident.

40. Schlick's transmission of the program, information, code, or command that caused the Data Loss Incident was intentional and without authorization, and caused damage affecting ten or more protected computers.

41. Lanex suffered compensable loss and damages as a result of Schlick's actions.

COUNT II

Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(b)
(against Schlick and BID)

42. Lanex incorporates paragraphs 1 through 41 above by reference as if fully restated herein this Count I.

43. On or about February 7 and 10, 2018, Schlick acting individually or in his capacity as an agent of BID, intentionally accessed Lanex's protected computer without authorization, and recklessly caused the Data Loss Incident.

44. The Data Loss Incident caused damages affecting ten or more protected computers.
45. Lanex suffered compensable loss and damages as a result of Schlick's actions.

COUNT III

Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(c)
(against Schlick and BID)

46. Lanex incorporates paragraphs 1 through 45 above by reference as if fully restated herein this Count I.

47. On or about February 7 and 10, 2018, Schlick acting individually or in his capacity as an agent of BID, intentionally accessed Lanex's protected computer without authorization, and as a result of such conduct, caused damage and loss affecting ten or more protected computers.

48. Lanex suffered compensable loss and damages as a result of Schlick's actions.

COUNT IV

Intentional Interference with Lanex's Performance of Its Contracts
(against Schlick and BID)

49. Lanex incorporates paragraphs 1 through 48 above by reference as if fully restated herein this Count II.

50. Schlick, acting individually or in his capacity as an agent of BID, intentionally caused the Data Loss Incident in an attempt to improperly interfere with Lanex's performance of its contractual obligations with its Clients.

51. Schlick and BID's interference with Lanex's contracts with its Clients caused Lanex's inability to provide certain contractually promised services to clients.

52. Lanex suffered damages as a result of its inability to perform under its contract with Clients, including by causing an increase in the costs of Lanex's performance under those contracts.

COUNT VI
Common Law Conversion
(against Schlick and BID)

53. Lanex incorporates paragraphs 1 through 52 above by reference as if fully restated herein this Count IV.

54. Schlick, acting individually or in his capacity as an agent of BID, intentionally destroyed and/or materially altered Lanex's data without Lanex's consent when he caused the Data Loss Incident.

55. Schlick's destruction and/or material alteration of Lanex's data was a serious interference with Lanex's right to possess its data.

56. Lanex suffered damages as a result of the destruction, alteration, and deprivation of its data.

COUNT VII
Breach of Contract
(against BID)

57. Lanex incorporates paragraphs 1 through 56 above by reference as if fully restated herein this Count V.

58. BID breached the Agreement when it, acting through Schlick, accessed Lanex's computer systems, Software databafeses, Software files, servers, and intellectual property without authorization.

59. Lanex suffered damages as a result of BID's breach of the Agreement.

JURY DEMAND

Lanex demands a trial of its claim by jury.

PRAYER FOR RELIEF

WHEREFORE Plaintiff Lanex, LLC respectfully prays that this Court:

- (a) enter judgment against John Schlick and Business Information Design, Inc. on Counts I through VI, and against Business Information Design, Inc. on Count VII;
- (b) award Lanex, LLC all economic and compensatory damages suffered by Lanex, LLC as a result of John Schlick's and Business Information Design, Inc.'s conduct as alleged in this Complaint and in the amount proven at trial; and
- (c) award Lanex, LLC any another relief this Court deems appropriate and equitable.

Dated: November 20, 2018

Respectfully submitted,

By: /s/ Avanti D. Bakane

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